

# STATE OF MICHIGAN

## **INSTRUCTIONS FOR PREPARATION OF APPLICATION FOR PRELIMINARY QUALIFICATION OF BONDS (FORM 3881)**

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or

[http://www.michigan.gov/treasury/1,1607,7-121-1751\\_2217\\_3830---,00.html](http://www.michigan.gov/treasury/1,1607,7-121-1751_2217_3830---,00.html)

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## Index

<b>Section 1</b>	<b>General Information</b>	
	• Who Needs to File? .....	3
	• Importance of the Application .....	3
	• Timing .....	3
	• Where to Get Forms .....	4
	• Formulas, Rounding and Other Rules .....	4
	• Submitting the Official Application .....	4
	• After the Bond Election .....	4
	• Staying Informed .....	4
<b>Section 2</b>	<b>Line by Line Instructions</b> .....	5
	• Cover Page – Application Table of Contents .....	5
	• Page 1 – Board Certificate .....	6
	• Page 2 - Financial Summary .....	7
	Waivers .....	9
	• Page 3 – Enrollment Projections .....	10
	• Page 4 – Summary of Facilities .....	11
	• Page 5 – Summary of Costs .....	13
	• Page 6 – Project Sheet .....	14
	• Page 7 – Project Facility Detail .....	16
	• Page 8 – Site Activity Summary .....	17
<b>Section 3</b>	<b>Special Situations</b> .....	18
	• Multiple Ballot Proposals .....	18
	• Page 6B – Project Subtotal Sheet .....	18
	• Multiple Bond Series .....	19
	• Reimbursement of General Fund from Bond Proceeds .....	19
	• Technology Designers .....	20
<b>Section 4</b>	<b>Election and Ballot Guidelines</b> .....	21
<b>Section 5</b>	<b>Financial Guidelines</b> .....	22
	• Bond Maturity Structure .....	22
	• Additional Considerations .....	23
	• Supporting Financial Documentation .....	24
<b>Section 6</b>	<b>Architect’s Cost Detail Guidelines</b> .....	25
	• Example .....	26
<b>Section 7</b>	<b>Architect’s Facility Detail Guidelines</b> .....	28
<b>Section 8</b>	<b>Additional Supporting Documentation</b> .....	29
	• When is it Needed? .....	29
	• Examples (8) .....	30

### **Who Needs to File?**

A school district that seeks State qualification of its bond issue under the Michigan School Bond Loan Act is required to file an *Application for Preliminary Qualification of Bonds*. Applications are normally prepared by the school district's architect in cooperation with the financial advisor and the bond counsel. Other consultants that have been retained by the district may also be involved.

### **Importance of the Application**

The official application provides the basis used by the State Treasurer for granting preliminary qualification. Approval is granted with the expectation that information provided to the citizens of the school district prior to the election and the projects completed with the resulting qualified bond proceeds will reasonably comply with the application information that has been filed with the School Bond Loan Program.

### **Timing**

The School Bond Loan Act requires that a bond issue a school district wishes to qualify must be given preliminary qualification prior to the official action of the local board of education calling for the election on the bond issue.

The application process must be initiated so as to provide sufficient time to meet all statutory requirements and to allow the School Bond Loan Program to make a thorough review of the application before submitting a recommendation to the State Treasurer.

School districts and their consultants should use the following guidelines to plan for a qualified bond election. Applicants should allow additional time for applications that contain statistics outside of the *Parameters for Preliminary Qualification* and for applications that contain other unusual circumstances.

- Not less than 120 calendar days before the election:  
School district in conjunction with its bond counsel should contact the School Bond Loan Program to request a preliminary qualification meeting.
- Not less than 3 full business days before a preliminary qualification meeting:  
A completed initial application including financial tables and enrollment projections must be delivered to the office of the School Bond Loan Program.
- Not less than 30 calendar days before the district's requested date of approval:  
A board approved fully completed official application that includes all additional supporting documentation must be delivered to the office of the School Bond Loan Program.
- Not less than 30 days prior to the date of a general election:
- Not less than 45 days prior to the date of a special election:  
The district's Board of Education takes official action to call for an election on the bond proposal(s).

Refer to Bulletin 3160 – *Bond Qualification Process* – for more detailed information on the recommended process to be followed for developing a qualified bond issue:

- [http://www.michigan.gov/documents/3160\\_2815\\_7.pdf](http://www.michigan.gov/documents/3160_2815_7.pdf)

### **Where To Get Forms**

- Visit: [http://www.michigan.gov/treasury/1,1607,7-121-1751\\_2217\\_3830-11056--,00.html](http://www.michigan.gov/treasury/1,1607,7-121-1751_2217_3830-11056--,00.html)
- The application forms are available at this web site in *Microsoft Excel* format.
- Application forms must be saved to the preparer's desktop computer for completion.

### **Formulas, Rounding and Other Rules**

- Preparers may incorporate formulas into the forms and may link pages.
- Dollars, student enrollments, and classroom capacity numbers should be rounded to whole numbers.
- Millage levys and percentages should be rounded to 2 decimal places.
- If a field does not apply to a school district, that field should be marked "N/A" (Not Applicable).
- The layout of application forms may not be changed.
- No new fields may be added to the application forms.

### **Submitting the Official Application**

- The *Cover Page* outlines the information and attachments that must be included in an official application before submission to the local school board for approval.
- The following items should be added to the application submitted to the School Bond Loan Program:
  - Cover letter from bond counsel indicating requested date for approval.
  - Any additional information that the board wishes to provide regarding the application.

### **After the Bond Election**

- On the next business day following the bond election the school district should notify the School Bond Loan Program by telephone or e-mail of the "unofficial" election result(s). Report whether the proposal(s) was passed or defeated and the total number of votes for and against the proposition(s).
- The school district must mail or fax a signed copy of the official *Canvass of the Election* to the School Bond Loan Program after it has been received from the Board of County Canvassers.
- If the election is successful, the district must file an *Application for Final Qualification of Bonds – Form 3451* in order to receive a *Certificate of Qualification*.
- School Bond Loan qualification fees become due upon the sale of bonds that have received preliminary qualification. (This fee is due regardless of whether the district issues the bonds qualified or non-qualified). The *Qualification Fee Schedule* is available at:
  - [http://www.michigan.gov/documents/QualFeeSchedule020812\\_38481\\_7.pdf](http://www.michigan.gov/documents/QualFeeSchedule020812_38481_7.pdf)

### **Staying Informed**

- Application updates and other general information is distributed through the School Bond Loan Program's electronic mailing list. This mailing list is maintained to assist architects, bond counsels, construction managers, and financial advisors. To become a subscriber visit:
  - [http://www.michigan.gov/treasury/1,1607,7-121-1751\\_2217\\_3830-5875--,00.html](http://www.michigan.gov/treasury/1,1607,7-121-1751_2217_3830-5875--,00.html)
- Qualified bond election information is posted to the SBL Program web site after the application for preliminary qualification has been approved. Election results are subsequently added to the web page after the election. This web page is updated approximately every two weeks.
  - [http://www.michigan.gov/treasury/0,1607,7-121-1751\\_2217\\_3830-5610--,00.html](http://www.michigan.gov/treasury/0,1607,7-121-1751_2217_3830-5610--,00.html)

## Cover Page - Application Table of Contents

Use the *Table of Contents* page to confirm that all necessary documents have been completed and to collate the application into the proper order.

Enter the *Legal Name of School District*.

### Attachments To The Application

*Financial Tables* – Place an “X” in each box to represent the financial tables that are included in the application. Financial tables should be sorted in the order listed on the cover page and located immediately after page 8 (*Site Activity Summary*).

*Additional Supporting Documentation* – Place an “X” in each box to represent the document(s) that are included in the application. Supporting documentation should be sorted in the order listed on the cover page and located immediately after the *Financial Tables*.

- ☐ *Comparison of the Current Proposal to a Previous Defeated Proposal*
- ☐ *Information on Financial Statistics Outside of Parameters*
- ☐ *Information on Classroom Capacity Utilization Rate below 85%*
- ☐ *Information on the Closing of an Existing District Facility*
- ☐ *Information on New Construction Costs Exceeding the Cost per Square Foot Parameter*
- ☐ *Construction Manager’s Opinion Regarding Cost Estimates*
- ☐ *Information on the Status of Unaudited Bonds (issued after May 1994)*

A description of when supporting documentation is needed and examples outlining the recommended format are located in *Additional Supporting Documentation* section.

## Page 1 – Board Certificate

- Proposed Election Date* Enter the proposed date of election.
- Application Number* Obtain from Department of Treasury. If unavailable, leave blank.
- School District* Enter the legal name of the school district, the mailing address of the board of education office, the school district code number, and the telephone number.
- Contact Person* Enter the name of the school district administrator responsible for coordinating the preparation of the application and the information contained within the application. The contact person is usually the superintendent of the school district but may be another staff administrator.
- The contact person will be responsible for providing additional information, if required, and for distributing copies to all members of the distribution list.
- Certificate* Enter the names and addresses of the professional consultants who were involved with the preparation of this application.
- After the application has been completed, the board of education must take action indicated by the certificate at an official board meeting.
- The secretary of the board of education must sign the certificate after the board authorizes the school district to submit the application for preliminary qualification.
- Ballot Proposal(s)* Attach an exact reproduction of each ballot proposition that will be presented to the electors.
- Refer to *Election and Ballot Guidelines* section for more information regarding the requirements for structuring ballot proposals.
- Visit the *SBL Program Elections Results* web page for examples of other ballot proposals. However, please note that certain boilerplate information routinely used in bond election proposals is not reported on the web site.
- [http://www.michigan.gov/treasury/0,1607,7-121-1751\\_2217\\_3830-5610--,00.html](http://www.michigan.gov/treasury/0,1607,7-121-1751_2217_3830-5610--,00.html)

## Page 2 - Financial Summary

Before completing the *Financial Summary* page, various financial tables must be prepared to calculate the information that is reported on this form. The supporting financial tables should clearly document the statistical information reported within this form and the application's compliance with program requirements. Refer to the *Financial Guidelines* section of these instructions for more information.

### **Section A. Existing Bond Debt:**

Complete one row for each debt issue that currently has an outstanding principal balance.

List the issues in chronological order by issue date.

Complete the following items of information for each issue:

*Issue Date* – Enter the dated date of the bond issue.

*Purpose* – Enter the purpose (e.g., SB&S, Refunding, Energy, Buses, etc.).

*Amount of Original Issue* – Enter the original par amount of the bond issue.

*Current Outstanding Principal Balance* – Enter the principal balance outstanding as of the date of the application in the appropriate column based on bond type (e.g., *Qualified*, *Non-qualified*, *Non-Voted*).

*Balance in Debt Retirement Fund* – Enter the most recently completed fiscal year's ending balances.

*Millage Levied This Year* – Enter the millage currently being levied.

*Millage Estimate For Next Year* – Enter the estimated millage that will be levied in the subsequent year for the existing bonds:

- Total millage must be reported.
- Individual millage levies by bond issue are optional within this column.

Complete the *TOTALS* row for all indicated columns by adding the entries of the detail rows.

*Current SBL Fund Balance* – Enter the current amount due to the School Bond Loan Fund. Use the district's most recent *Statement of Account* to determine the appropriate amount.

*As of:* - Enter the posting date as shown on the *Statement of Account*.

*Total Amount of Existing Debt* – Calculate by adding the *TOTALS* from the *Qualified*, *Non-Qualified*, *Non-Voted* columns plus the *Current SBL Fund Balance*.

### **Section B. Proposed Bond Issue and Estimated Impact:**

Complete one row for each separate ballot proposal.

- If only one ballot proposal, complete only the bond issue amount in the first column and enter "See Below" for the rest of the columns.

Complete the *Combined Issue* row for the total bonded amount under consideration.

*Amount* – Enter the ballot proposal amount.

*Bond Term* – Enter the years and months the bonds will be outstanding.

*Average Interest Rate* – Enter the estimated average bond interest rate.

*Bond Interest* – Enter the estimated interest (dollars) to be paid to bondholders.

*SBLF Interest* – Enter the estimated interest (in dollars) to be paid to the SBL Fund.

*Average Millage* – Enter the annual average millage rate.

*Millage Year 1* – Enter the millage required in the 1<sup>st</sup> year.

## Page 2 - Financial Summary (Continued)

### **Section C.**

*Existing Debt + Proposed Bond Issue* - Enter the sum of the *Total Amount of Existing Debt* (in Section A) + the *Amount of the Combined Issue* (in Section B).

*Total Estimated Millage Proposed for Next Tax Year* - Enter the total proposed millage to be levied in the next tax year.

### **Section D. Key Financial Measures**

*1<sup>st</sup> Year Millage Increase* – Calculate the millage increase by subtracting the *Total Millage Levied This Year* (in Section A) from the *Total Estimated Millage Proposed for Next Tax Year* (in Section C).

*Interest to Bond Ratio* – Calculate this ratio by dividing the *Combined Issue Amount* (in Section C) by the *Combined Issue Total Interest* (in Section C).

*Bonded Debt to Taxable Value* – Calculate this ratio by dividing the difference of *Existing Debt + Proposed Bond Issue* (Section C) less the *Current SBL Fund Balance* (Section A) by the *Taxable Value* (Section F)

*Total Debt to Taxable Value* – Calculate this ratio by dividing the *Existing Debt + Proposed Bond Issue* (Section C) by the *Taxable Value* (Section F).

### **Section E. Certification**

Type the preparer's name and the firm s/he represents.

### **Section F. Financial Assumptions**

#### *Property Valuation Information*

*Tax Year* – Enter the tax year of the property valuations being reported.

*SEV* – Enter the SEV (completing this field is optional).

*Taxable Value* – Enter the total taxable value of the school district.

*Plus IFTs* – Enter the value of any IFT (Industrial Facilities Tax) properties that can be expected to generate debt service revenue in addition to the yield of the district's taxable value.

*Less DDA/TIFAs* – Enter the value of any DDA/TIFAs (Downtown Development Authority, Tax Increment Financing Authorities) that can be expected to reduce the yield of the taxable value.

*Adjusted Taxable Value* – Enter the total of *Taxable Value + IFTs – DDA/TIFAs*.

*Prior 5 Years Average Growth Rate* – Enter the simple average growth rate of the school district's taxable value over the previous 5 years.

*First 5 Years* – Enter the taxable value growth rate being used to project the school district's annual taxable value for the first 5 years of the proposed bond issue.

*Year 6 to Bond Conclusion* – Enter the taxable value growth rate being used to project the school district's annual taxable value for the remaining years of the proposed bond issue.

*Date Property Taxes Levied* – Enter the percentage of millage levied in the winter and summer.

*Material Tax Appeals Pending* – Enter "Yes" or "No" as it relates to the district. If the district is aware of any event or circumstance that could significantly affect its future taxable value, additional information must be included that provides a description of the situation.

#### *School Bond Loan Fund Participation*

*Estimated Total Amount To Be Borrowed* – Enter the total amount that is estimated to be borrowed from the School Bond Loan Fund as a result of the proposed bond issue.

*Interest Rate* – Enter the interest rate that is being used to estimate the *SBLF Interest* amount being reported in Section B.

*Beginning Date* – Enter the anticipated month/year of the first loan from the SBL fund.

*Ending Date* – Enter the anticipated ending month/year of *SBL Fund Participation* (final repayment).



## Page 2 - Financial Summary (Continued)

### Bond Issues / Construction Fund

Complete one row for each individual bond series. Add additional sheet(s) if necessary.

*Amount* – Enter the par amount of the bond issue.

*Dated Date* – Enter the anticipated official statement date of the bond issue.

*Beginning Date* – Enter the anticipated month/year the bond proceeds will be deposited into the construction fund.

*Ending Date* – Enter the anticipated month/year that the final draw from the construction fund will be completed.

### Bond Maturity Structure

*Annual Bond Maturity Date* – Enter the annual principal payment month/day.

*Amortization of Technology/Buses/Equip. by Useful Life Standards* – Certify compliance with useful life standards as documented within current parameters for evaluation.

*Waiver for Descending Maturity Amounts* – Enter *Yes* or *No* based on the maturity structure.

*Waiver for Bond Term Length* - Enter *Yes* or *No* based on the maturity structure.

*Waiver of 10 Year/25% Maturity Requirements* - Enter *Yes* or *No* based on the maturity.

Any *Yes* answer must be supported by an *Application for State Treasurer's Approval to Waive Bond Maturity Requirements (Form 3970)*.

### Waivers

The SBL Act allows the State Treasurer to waive any of the following principal requirements if s/he determines it is financially beneficial to the state or to the school district:

- Principal maturing in one year is less than any other year.
- Proposed bond term length is less than the legal standard for the district's debt to valuation ratio.
- 10 year/25% maturity limitation (for applications with debt/valuation > 12%).

To be considered for a waiver, an *Application for State Treasurer's Approval to Waive Bond Maturity Requirements* (Department of Treasury Form 3970) must be filed. The application must document the specific reasons for this particular request as well as the advantages to the school district. The authorized representative of the school district must sign the waiver application.

An *Application for State Treasurer's Approval to Waive Bond Maturity Requirements* must be accompanied with:

- A board resolution authorizing the superintendent (or other designate) to apply for a waiver.
- Supporting financial tables that document the difference in costs between the proposed maturity structure and a standard maturity structure, on a present value basis.

See *Financial Guidelines* section for more information on maturity requirements.

### Page 3 - Enrollment Projections

Complete this form only after acquiring an enrollment projection report from an approved source. Official enrollment projection reports should be based on the most recent fall membership count.

Enter the *Legal Name of School District* and the *School District Code* number.

Col. 2 Enter the total *Preceding 5-Year Enrollment* (general education students only).

Col. 3 Enter the *Current Year Enrollment* as indicated on the enrollment report that was compiled by an independent enrollment consultant.

Col. 4 Enter the 5-year enrollment projection for each grade:

- If using a single enrollment method, enter the projected enrollment that has been determined to provide the most accurate enrollment projection.
- If using a blended enrollment method, calculate the projected enrollment using the recommendation of the enrollment consultant.

Col. 5 Calculate the projected enrollment increase/decrease as indicated. Report entries in this column as percentages.

Col. 6-8 Enter the *Low*, *Median* (most likely) and *High* methods recommended by the enrollment consultant.

Provide a description of the recommended method in the blank lines below the subtotals.

Enter subtotals by the individual *School District's Grade Configurations*.

Enter the current year enrollment for programs such as early childhood, special education, adult education, alternative education, and any other programs.

Enter the name of the person that completed this form.

Enter the *Source* of the enrollment projections.

## Page 4 - Summary of Facilities

Enter the *Legal Name of School District* and the *School District Code* number.

- Col. 1 List the *Name of All School Facilities* and buildings owned by the district, including any proposed new facilities or those under construction. **List these buildings in the following order: elementary, middle and high school, and non-instructional buildings.**
- Col. 2 Number the proposed projects for each building listed in Col. 1. (Existing buildings that are not included in the construction project should not be assigned a number in this column). All buildings assigned a project number in this column must have a *Project Sheet* (Pages 6-7).
- Col. 3 Enter the *Current Grade Structure* (for example: K-5, 6-8, 9-12).
- Col. 4 The entries should correspond with the *Project Sheets* (Page 6 – Item 2).
- Col. 5 Enter the *Current Enrollment* that is being housed at each building.
- Col. 6 The entries should correspond with the *Project Sheets* (Page 6 – Item 3).
- Col. 7 Enter the pupil capacity of all adequate buildings, or portions of buildings, existing or under construction in the school district. The capacity should be determined on the basis of guidelines presented in *Bulletin 3160*, not on the basis of the number of pupils currently housed.
- Col. 8 Enter the pupil capacity of all buildings or portions of buildings that are proposed to be remodeled in the bond application. (See *Bulletin 3160* for capacity calculation information).
- Col. 9 Enter the number of additional pupils to be housed after the construction projects are completed as proposed in this application.
- Col. 10 Add (Cols. 7 + 8 + 9). The entries should correspond with the *Project Sheets* (Page 6 – Item 4a).
- Col. 11 Divide (Col. 6) by (Col. 10). The entries should correspond with the *Project Sheets* (Page 6 – Item 4b).
- Col. 12 The entry should correspond with the *Project Sheets* (Page 6 – Item 5a).
- Col. 13 Divide (Col. 12) by (Col. 10). The entries should correspond with the *Project Sheets* (Page 6 – Item 5b).
- Col. 14 Enter the total acreage of each proposed site that will be purchased with bond proceeds as described in this application. The entries should correspond with the *Project Sheets* (Page 6 – Item 1e).

#### Page 4 - Summary of Facilities (Continued)

- Col. 15 Enter the pupil capacity of all buildings that are proposed to be closed in this bond application.  
If selected areas of the building will be closed as classrooms and converted to other non-instructional uses (storage, offices, etc.) do not report this capacity.  
(Refer to the instructions for Page 7 for more information).  
The entries should correspond with the *Project Facility Detail* (Page 7 – Column 4).
- Col. 16 Enter the total number of *Square Feet of the Closed Facility* or inadequate building area that is being replaced under the construction projects included in this application. Do not consider building area as inadequate if it will be converted to another use or will be used during the next five succeeding years.
- Col. 17 Provide the letter reference that best describes the disposition of the closed facility.
- A. Demolition
  - B. Conversion to non-instructional use
  - C. Sold or leased
  - D. Retained for future use
  - E. Undetermined at time of application

Enter subtotals by grade level and non-instructional facilities.

Enter a total of the subtotals on the last line for grades K-12 and non-instructional facilities.

Compare the *Current* and *Projected Enrollment* subtotals to the totals reported on page 3. They must be equal.

Be sure to verify that all *Excel* formulas are accessing the proper range of rows based on the school's grade configuration.

## Page 5 - Summary of Costs

Enter the *Legal Name of School District* and the *School District Code* number.

- Col. 1      Make sure that the project numbers listed on this page correspond to the project number on *Summary of Facilities* form and each of the *Project Sheets*.
- Col. 2      Divide Col. 4 by Col. 3. The entries should correspond with the *Project Sheets* (Page 6, Item 6b).
- Col. 3      The entries should correspond with the *Project Sheets* (Page 6, Item 6a).
- Cols. 4-13      The entries should correspond with each *Project Sheet* (Page 6, Item 7). Each column must be totaled at the bottom of the matrix.
- Col. 14      The total of this column must equal the sum of all the *Estimated Costs* on each *Project Sheet* (Page 6, Item 7k).
- Block 17      Calculate the % of the column *Total* for each cost category.  
(The total of each column divided by the total of Col. 14).
- Block 18      Enter only election and bond issuance costs in this area as determined by the financial advisor. Calculate the % of the subtotal by dividing each cost item by the subtotal of Col. 14. Provide additional description for any costs reported under *Miscellaneous Costs*.
- Col. 15      Prorate the total election/issuance costs (Col. 18) among each project. (The total of Col. 15 must equal the total of Col. 18.).
- Col. 16      Add Col. 14 and 15.
- Block 19      Enter the *Total* from Col. 16.
- Enter *Estimated Interest Earnings*.
- Enter the total of any funds to be provided from other sources.
- Enter the Amount of the Proposed Issue by subtracting *Estimated Interest Earnings* (and any funds from other sources) from the *Total Estimated Cost* of all *Projects*.
- (Bonds are always issued in \$5,000 increments. Adjust the amount of *Estimated Interest Earnings* as necessary to achieve proper rounding of the bond issue).

## Page 6 - Project Sheet

One *Project Sheet Page 6* must be completed for each building or location where bond proceeds are being expended. Separate *Project Sheets* may be required for bus purchases, land acquisition, and building demolition if not being completed in conjunction with construction/remodeling activity. Buildings that are being closed should be reported regardless of whether bond proceeds are being expended or not.

Enter the *Legal Name of School District* and the *School District Code* number.

Enter the *Name and Address of the School Building*.

Enter the *Project Number*. This project number should correspond with those entered on Pages 4-5.

Check the appropriate box that represents the building type.

Enter the *Year* the building was *Constructed*.

Enter the *Years Remodeling* and/or *Additions* were made to the building.

Provide a brief narrative in layman terms that explains the purpose/objective of the proposed project.

Items 1a-c Check the appropriate boxes.

Item 1d Check the box if any bond proceeds will be used to improve the site.

Item 1e Enter the size, in acres, of the proposed site to be purchased with bond proceeds in Item e and check the box.  
This entry should correspond with the *Summary of Facilities* (Page 4 – Col. 14).

Item 1f Enter the size, in acres, of the existing site.

Item 1g Check the box if the building is involved in more than one ballot proposal.  
**If checked, Page 6B must be completed.**  
**See Multiple Ballot Procedures section for complete information.**

Item 2 Enter the *Proposed Grade Structure* to be housed in the building after the construction is complete (for example: K-4, 5-8, 9-12).  
This entry should correspond with the *Summary of Facilities* (Page 4 - Col. 4).

Item 3 Enter the estimated *5-Year Enrollment* to be housed in the building. See Page 3 for enrollment data.  
This entry should correspond with the *Summary of Facilities* (Page 4 - Col. 6).

Item 4a Enter the *Total Pupil Capacity* of the building from Page 7.  
The entries should correspond with the *Summary of Facilities* (Page 4 - Col. 10).

Item 4b Calculate the *Utilization* percentage by dividing the *Projected 5-year enrollment* (Item 3) by the *Total Pupil Capacity* (Item 4a). A utilization of less than 85% for any grade level must be explained and justified.  
This entry should correspond with the *Summary of Facilities* (Page 4 – Col. 11).

## Page 6 - Project Sheet (Continued)

Item 5a Enter the proposed *Total Square Feet* of the building. This amount should equal the total square footage of each building after the construction proposed in this application is complete.  
The entry should correspond with the *Summary of Facilities* (Page 4 - Col. 12).

In order to assure uniformity, building square footage should be computed in accordance with the following:

- a) All measurements should be from the exterior, rough wall lines.
- b) Totally enclosed space should be counted as full area. Among the various types of space to be included are such areas as boiler and heater rooms, and stairways. Every floor should be counted.
- c) Covered, unenclosed space should be counted as 1/2 of the actual area. Included in such space are open, covered passages, porches, and planting areas; overhangs and sun control devices so designed and located that they function as covered walks; and mezzanines for storage purposes.
- d) The following areas should not be counted: eaves and sun control devices except as specified above and unsheltered platforms and steps.

Item 5b Calculate the square feet available per student by dividing the proposed *Total Square Feet* (Item 5a) by the *Total Capacity* (Item 4a).  
The entry should correspond with the *Summary of Facilities* (Page 4 – Col. 13).

Item 6a Enter the total number of square feet of new building area proposed.  
The entry should correspond with the *Summary of Costs* (Page 5 – Col. 3).

Item 6b Calculate the cost per square foot. Divide *New Construction* (Item 7a) by *New Construction Square Feet* (Item 6a).  
The entry should correspond with the *Summary of Costs* (Page 5 – Col. 2).

Items 7a-j Report the estimated costs of the project for these categories.  
These entries should correspond with the *Summary of Costs* (Page 5 - Cols. 4-13).

Item 7k Total the estimated costs from 7a-7j. This sum represents the total estimated cost of the project not including election and issuance costs.  
This entry should correspond with the *Summary of Costs* (Page 5 – Col. 14).

The total of all project sheets should correspond with the *Summary of Costs* (Page 5 – Col. 14).

Complete the certificate. A licensed architect who has participated in the planning of the proposed construction project and is responsible for estimating the cost must sign the certificate.

Provide supporting documentation for the estimated project costs reported on this form. Refer to the *Architect's Cost Detail* section for further information regarding documentation standards.

## Page 7 - Project Facility Detail

This page must be completed for each building project. (This page is not required for bus purchases or land acquisitions that are being reported separately.)

Enter the *Name of the School Building* and *Project Number*. These entries should correspond with Pages 4-6.

List the building's rooms by category (*Existing Adequate, To Be Remodeled, Proposed New* and *Facility To Be Closed*). Within each column enter the number of rooms, room description, and number of teaching stations for that category (e.g., kindergarten, classrooms, special education, science rooms, industrial art rooms, gymnasium, storerooms, teachers lounge, boiler rooms, restrooms, etc.)

If certain areas of the building will be converted from teaching stations to other non-instructional uses (storage, offices, etc.) report these rooms as either *To Be Remodeled* or *Facility To Be Closed* depending on the construction activity to be completed.

Enter the number of teaching stations for each room type listed in the *T/S* (teaching station) column.

**Teaching Stations:** A teaching station is any room or area which has a teacher assigned to it for the majority of the school day. For the elementary level, general classrooms and kindergarten rooms are considered teaching stations. (If the kindergarten room is a half-day or all-day/alternate day session, the room should be counted as 2 teaching stations). At middle and high schools, general classrooms and other curriculum rooms are counted as teaching stations. For example: math, language, music, art, industrial arts, science, technology labs, computer classrooms and gymnasiums are counted as teaching stations. (A middle school gymnasium is generally counted as 1 teaching station whereas a high school gymnasium is generally counted as 2-3 teaching stations). The teaching station count should not include general use rooms such as: special education rooms, auditoriums, study halls, media centers, distance learning rooms, open computer labs.

At the bottom of each column, calculate *Total T/S*, *Capacity Factor* and the (pupil) *Capacity*.

Pupil Capacity = (the total number of teaching stations \* capacity calculation factor)

These entries should correspond with the *Summary of Facilities* (Page 4 - Cols. 7-9 and Col. 15).

Capacity Calculation Factors	
Grades K – 2.....	20 students per classroom
Upper Elementary.....	25 students per classroom
Junior High.....	22.5 students per classroom
Senior High School.....	21.25 students per classroom

Calculate the *Total Capacity* by adding together the adequate, remodeled, and proposed new capacities. The entry should correspond with the *Summary of Facilities* (Page 4 - Col. 10).

Enter the *Square Feet of the Facility to be Closed* with the proposed bond issue.

The entry should correspond with the *Summary of Facilities* (Page 4 - Col. 16).

Provide a floor plan of the building that indicates the rooms and the category. The floor plan must document the teaching station count by consecutively numbering each teaching station. Restart numbers at 1 for each separate category. The highest number reported for each category should equal the *Total T/S* reported on Page 7 in the column totals. A detailed schematic is not required. Refer to *Architect's Facility Detail* section for more information. Provide a site plan that indicates the site work to be completed and the location of buildings that share sites.



## Page 8 - Site Activity Summary

This page must include site acquisition and a description of the site work to be completed with bond proceeds.

Enter the *Legal Name of School District* and the *School District Code* number.

Item 1 List the *Names of the Sites* that will be *Acquired* with bond proceeds. Include the *Cost* of the site and the number of *Acres* to be purchased.

If a site will be acquired for future use and no other costs are being incurred, assign the site a project number. A separate *Project Sheet* (Page 6) should be completed. A separate *Facility Detail* (Page 7) is not required.

Carry forward the site *Acquisition Cost* to the *Summary of Costs* (Page 5 – Col. 11) to *Project Sheet* (Page 6 – Item 7h).

Carry forward the site acreage data to the *Summary of Facilities* (Page 4 – Col. 14) and *Project Sheet* (Page 6 – Item 1e).

Item 2 List the names of the buildings and provide a detail of the site work to be completed. This detail must be comprehensive of all proposed site work activities.

Item 3 Calculate the *Total Site Cost* by adding the *Total Site Acquisition* and *Site Work* costs.

Total the *Site Acquisition* and *Site Work* costs in Item 1 – 2.

These entries should correspond with the *Summary of Costs* (Page 5 – Total of Cols. 10 – 11).

Complete the certificate. A licensed architect who has participated in the planning of the proposed construction project and is responsible for estimating the cost must sign the certificate.

## **Multiple Ballot Proposals**

Applications that contain 2 or more ballot proposals require special procedures in order to properly document the projects and activities that are to be completed under the authority of each individual ballot proposal. Please be aware that even if the electors pass all proposals, it is not allowable to transfer funding between projects identified in separate proposals.

- *Financial Summary – Page 2 (Supporting Documentation)*

Separate bond issue schedules, construction fund schedules, and election/issuance cost schedules must be provided for each ballot proposal and for the combined total of all proposals.

- *Summary of Costs - Page 5*

A separate *Summary of Costs (Page 5)* must be prepared for each individual ballot proposal.

A *Summary of Costs (Page 5)* must be prepared for the combined total of all proposals.

When completing *Election/Bond Issuance Costs* (Block 18) on the “combined” *Summary of Costs*, the total amount of several fee categories will not equal the mathematical sum of the individual proposals. It is recommended that the amount necessary to reconcile the “combined” *Election/Issuance Cost* to the individual proposals be reported in the *Miscellaneous Costs* field of Block 18. An alternative is to reduce the amount of the “combined” bond issue.

- *Project Sheet – Page 6*

On each project sheet, begin the *Brief Description* block with an identification of the proposal number(s) under which the project is to be completed (e.g. {Proposal 1}, {Proposals 1 and 2}).

**If a building project is included in more than one ballot proposal, Project Subtotal Sheet – Page 6B must be completed.**

If *Page 6B* is required,

- Page 6 - *Brief Description* field can be abbreviated to “See Attached Page 6B”
- Page 6 - Field 1g - *Building involved in more than one ballot proposal* must be checked.

- *Project Subtotal Sheet – Page 6B*

Enter the *Legal Name of School District* and the *School District Code* number.

Enter the *Name of the School Building*.

Enter the *Project Number*. This project number should correspond with Page 6.

Provide a brief narrative that explains the purpose of the proposed construction project by proposal.

Items 1a-j      Report the estimated costs of the total project **and** by proposal for these categories. The *Total* column should correspond with the *Project Sheet* (Page 6, Items 7a-7j).

Item 1k        Total the *Estimated Costs* from Items 1a-1j for the project total and by proposal. The *Total* column should correspond with the *Project Sheet* (Page 6, Item 7k).

### **Multiple Bond Series**

Applications that anticipate that the bond authorization will be issued in a series of two or more separate bond issues require additional procedures.

Financial Advisor must provide the following additional supporting financial information:

- Bond maturity structure and technology amortization information for each bond series.
- Construction fund draw schedule for each bond series.
- Bond issuance cost estimates for each bond series.

Architect must provide the following additional cost information:

- A *Summary of Costs Page 5* for each individual bond series.
- Each building project (*Project Sheet 6*) must include an indication in the *Brief Description* field regarding which bond series the work will be completed under.
- Building projects that will be included in two or more series must be supported by a *Page 6B* that documents the cost allocation between series.
- In the event that the school district has not made the determination regarding which bond series each project will be completed under:
  - Complete an abbreviated *Summary of Costs Page 5* for each individual series as follows:
    - For columns 1 through 14; complete only a *Total Project Cost* entry (*Column 14 Total*).
    - Complete only the *Total* line entry for Columns 15 and 16.
    - Complete blocks 18 and 19 in their entirety.

Be advised that if an allocation of projects by bond series cannot be made during preliminary qualification, each *Application for Final Qualification* must be preceded by submission of *Project Sheets* and cost detail for the building projects included within that series. A *Certificate of Final Qualification* will not be issued until the proposed projects have been reviewed and approved.

### **Reimbursement of General Fund from Bond Proceeds**

The Internal Revenue Code allows, under certain circumstances, school districts may use existing funds of the school district to pay for some capital expenses relating to a capital improvement project and to be reimbursed for those payments from the bond proceeds after issuance of bonds to finance the project.

It is the policy of the State Treasurer to allow the use of bond proceeds for reimbursable expenses if these expenses pertain to one of the following conditions:

- Purchase of land prior to the election held to consider a bond issue.

The school district must adopt a resolution in accordance with Regulation 1.150-2 of the Internal Revenue Code declaring the board's official intent to use proceeds of tax-exempt bonds to reimburse the district for capital expenses paid from other funds of the district.

The *Application for Preliminary Qualification* should include as an attachment a declaration of the school district's intent to reimburse its general fund and a copy of its board resolution.

- Capital expenditures made after a successful election but before issuance of the qualified bonds. The school district must take all actions as required by Internal Revenue Service regulations. No further notification of the School Bond Loan Program is required.

### **Technology Designers**

School districts occasionally contract with “Technology Designers” to develop a comprehensive technology plan for the district. Occasionally these technology plans include non-capital outlay costs or other components that do not meet the definition for technology as provided in the school code.

Before including cost estimates developed by a technology designer into a qualified bond application, the technology designer must provide a breakdown of the allowable costs to be included in the bond issue by each individual building project. This breakdown must be supported by information that documents the items included and how the cost estimates were calculated. If lump sum allowances are used, sufficient documentation must be provided to describe the method used to determine the amount and the components included in the allocation.

Architects, bond counsels, and school district administrators must take appropriate action to assure that the technology designer is aware of the following legal and procedural requirements for including technology costs within a qualified bond issue before accepting the technology budget as provided.

### **Non-allowable Uses of Bond Proceeds:**

Bond proceeds may not be used to defray the costs of:

- Upgrades to operating system or application software.
- Media, including diskettes, compact discs, video tapes, and disks, unless used for the storage of initial operating system software or customized application software.
- Training, consulting, maintenance, service contracts, software upgrades, troubleshooting, or software support.

### **Allowable Technology Expenditures:**

Section 380.1351a of *The Revised School Code* defines technology as follows:

- Hardware and communication devices that transmit, receive, or compute information for pupil instructional purposes.
- The initial purchase of operating system software or customized application software, or both, accompanying the purchase of hardware and communication devices for pupil instructional purposes.
- The costs of the design and installation of the hardware, communication devices, and initial operating system software or customized application software for pupil instructional purposes.

No other types of expenditures can be included within the *Technology* budget of a qualified bond issue.

### **Infrastructure and Equipment:**

There may be other allowable capital expenditure items that are included in the implementation of a technology plan that do not meet the School Code’s definition of technology. For example, the cost of permanent infrastructure items such as cabling installed within the walls of a structure may be included in the *New Construction* or *Remodeling* budgets as appropriate. Non-instructional devices such as telephones may be included in the *Equipment* budget.

### **Useful Life:**

Technology is considered to have a useful life of 5 years. For the purposes of evaluating the principal maturity structure of a qualified bond issue, the total *Technology* budget must be amortized in the first 5 principal payment dates. Transferring the cost of selected technology items such as desktop computers to the *Equipment* budget strictly for amortization purposes is not allowable.

## **Election and Ballot Guidelines**

School district elections regarding the issuance of qualified bonds must be conducted in compliance with the requirements of all applicable local, state and federal provisions, including but not limited to:

### **The School Bond Loan Act – MCL 388.954 Sec 4 (1) (f)**

- If a bond issue requires an election, the school district must be given preliminary qualification prior to the official action of the local board of education calling for the election on the bond issue.

### **The Revised School Code – MCL 380.1001 through 380.11071 and MCL 380.1361**

- A special election shall not be held within 30 days before or after a regular state general election. {380.1022}
- The same question shall not be submitted to the school electors more often than once in 6 months. {380.1026}
- The ballot question must provide the dollar amount and purpose of the bond issue in the form as prescribed in section 380.1361 of The Revised School Code.

### **Michigan Election Law – MCL 168.643a**

- Requires that the question must be clearly written and the language used should not create prejudice for or against the proposal.

### **The General Property Tax Act – MCL 211.24f**

- Requires that the following information must be provided within the ballot:
  - The maximum number of years the bonds may be outstanding.
  - The estimated millage that will be levied for the proposed bonds in the first year.
  - The estimated simple average annual millage that will be required to retire the debt.

### **Additional Ballot Information**

- The Department of Treasury recommends the following statement be included at the conclusion of each ballot proposal:

“Pursuant to state law, expenditure of bond proceeds must be audited and the proceeds cannot be used for repair or maintenance costs, teacher, administrator or employee salaries, or other operating expenses.”

### **Conclusion**

- A properly worded ballot proposal should provide sufficient information to authorize the use of the bond proceeds according to the allowable purposes as defined in MCL 380.1351a and to provide the voter with a general understanding of the overall proposal.
- A complete discussion of all election and ballot requirement is beyond the scope of this document. Appropriate research should be completed to ensure compliance with all legal requirements.

## **Bond Maturity Structure**

Qualified bonds must be structured in compliance with the requirements of all state and federal provisions including, but not limited to:

### School Bond Loan Act - MCL 388.951 through 388.963

The SBL Act establishes bond maturity and millage requirements for qualified school district bond issues.

- Qualified bonds may be issued for a maximum period of 30 years.
- Qualified bonds must be issued for minimum periods based on the ratio of debt to property valuation as follows:
  - If Debt/Valuation Ratio is < 4%.....10 Years
  - \* If Debt/Valuation Ratio is > 4% BUT < 7%.....15 Years
  - \* If Debt/Valuation Ratio is > 7% BUT < 12%.....25 Years
  - \* If Debt/Valuation Ratio is > 12%.....29 Years
  - \* If Debt/Valuation Ratio is > 12%, the first 10 annual principal payments must not exceed 25% of the total bond issue.
- The yearly principal maturity date must not be less than 5 months after the major part of property taxes become due.
- \*Amount of principal maturing in any one year must not be less than in any prior year.
- In order to borrow from the School Bond Loan Fund, a district must levy a minimum of 7 debt mills and may be required to levy additional millage up to a maximum of 13.
- Debt amortization schedule must provide for repayment to the school bond loan fund within 60 months of final bond maturity and project no more than a 13 mill debt service levy in any one year.
- \* *Variance from any of these five requirements may be obtained through the approval of an Application for State Treasurer's Approval to Waive Bond Maturity Requirements (Form 3970).*

### The Revised School Code - MCL 380.1351 through 380.1372

Part 17 - *Bonds and Notes*, establishes the requirements for qualified, non-qualified, and non-voted school district debt issued for capital outlay purposes. The following provisions impact maturity structure:

- Bonds issued for an asset with a useful life of less than 30 years shall not be issued for a term that is longer than the useful life of the asset.
- Bonds may not appreciate in principal or be sold at a discount of more than 10%.

### The Revised Municipal Finance Act - MCL 141.2101 through 141.2821

The Revised MFA establishes the requirements relative to the borrowing of money, the issuance of debt, and levy of taxes for all Michigan municipalities including school districts. The following provisions impact maturity structure:

- The first maturity date shall occur not later than 5 years after the date of issuance.
- The total principal amount maturing in any one year after 4 years from the date of issuance shall not be less than 1/5 of the total principal amount maturing in any subsequent year.
- For more information regarding the requirements of the Revised Municipal Finance Act:
  - [http://www.michigan.gov/treasury/1,1607,7-121-1751\\_8013---,00.html](http://www.michigan.gov/treasury/1,1607,7-121-1751_8013---,00.html)

### Internal Revenue Code of 1986

There are numerous IRS rules and regulations that are applicable to all tax-exempt bonds and issuers which are beyond the scope of this document. Appropriate training and bond counsel advice should be acquired regarding all legal requirements.

### **Additional Considerations**

The following guidelines are provided to assist financial advisors in developing structures that will meet existing standards. Applications with provisions that do not meet these guidelines will require a more thorough evaluation before a determination regarding qualification can be made.

- The current guidelines contained in the *Parameters for Preliminary Qualification* as posted on the SBL web site should be used for developing bond maturities and millage levies. The resulting key financial statistics that are reported on page 2 of an application for qualification should be compared to current parameters. Financial advisors and school districts should provide additional supporting documentation to address any variance from the current parameters.
- When calculating the number of bond principal years necessary for amortization of assets with a useful life that is less than 30 years, the count should begin with the first annual maturity date following the date of issuance regardless of whether or not there is a principal payment.
- A school district may not collect taxes for debt service on school bonds until the bonds are delivered.
- Loans from the school bond loan fund are available to provide a more level debt millage levy over the life of the bond issue (and to avoid any chance of bondholder payment default). The SBL fund cannot be used as a substitute liquidity facility. School bond loan fund proceeds cannot be used for any purpose other than immediately payable debt service payments to bondholders.
- Fixed bond interest rates must be used for completing applications for preliminary qualification. Variable rate structures will only be considered at the time of final qualification. Refer to the *Guidelines for Variable Rate Bonds* on the SBL web site for more information.
- Debt service dates (and potential SBL fund borrowing) should be structured for May 1<sup>st</sup> and November 1<sup>st</sup>, unless approval for alternative dates is received from the Department of Treasury.
- A school district must certify and begin collecting on a full debt levy (100% on all taxing units) before the district may borrow from the School Bond Loan Fund.
  - To avoid debt fund shortfalls prior to implementation of a full debt levy, it may be necessary to capitalize interest or establish an initial long coupon period and to forgo any principal payment in the first year.
  - If a school district intends to change its tax collection date to provide full collection prior to borrowing, the school district must officially adopt a resolution that would certify the change in tax collections within the district.
- To be considered for a waiver of maturity requirements, an *Application for State Treasurer's Approval to Waive Bond Maturity Requirements* (Department of Treasury Form 3970) that documents the specific compelling justification for that particular request must be filed. The application must include the appropriate supporting documentation.
- School districts should not expect to make significant changes at the time of final qualification in the financial structure of a bond issue that was proposed during preliminary qualification.
- Before receiving final qualification, a school district will be required to certify its agreement to comply with the debt millage and paying agent requirements as outlined in the *Application for Final Qualification of Bonds* (Department of Treasury Form 3451).

### **Supporting Financial Documentation**

The information provided on the *Financial Summary - Page 2* of the *Application for Preliminary Qualification of Bonds* is based on an assortment of schedules, tables, and individual calculations. Financial advisors are allowed to use their own proprietary software applications to calculate the information reported on the *Financial Summary*.

Financial advisors are required to provide attachments to the application that document the basis for their calculations and the information reported on *Page 2*. There is no predetermined design for these documents, but the attachments should provide the following data:

#### ☐ *Proposed Bond Issue Schedule(s)*

- Total Amount of Existing Debt Service by Year
- Proposed Bond Maturity Structure, Interest Rate(s), and Interest Cost by Year
- Beginning Adjusted Taxable Value, Projected Growth Rate, and Projected Taxable by Year
- SBL Fund Borrowed/Repaid, Interest Rate, Interest Cost, SBL Fund Balance by Year
- Required Millage Levy with/without School Bond Loan Fund Borrowing by Year
- Millage Levy Attributable to the New Bonds by Year
- Average Millage Rate of the New Bonds
- Interest Costs Including SBL Fund Interest for the New Bonds
- Interest to Bond Ratio for the New Bonds
- Calculation of the Average Growth Rate of Taxable Value for the Previous 5 Years
- Calculation of Adjusted Taxable Value for 1<sup>st</sup> Year
- Debt to Taxable Value Ratio
- SEV and Debt to SEV Ratio (optional)
- Comparison of Short Lived Assets to Bond Maturity Structure by Asset Classification

#### ☐ *Existing Debt Schedule(s)*

- Bond Maturity Structure, Interest Cost, and Total Debt Service by Year
- SBL Fund Borrowed/Repaid, SBL Fund Balance by Year, Total Interest Cost of SBL
- Required Millage Levy By Year

#### ☐ *Construction Fund/Bond Issuance Cost Schedule(s)*

- Construction Fund Interest Rate, Cash Flow, and Interest Earnings
- Estimate of Costs of Financing Capital Program through Voted Bonds

#### ☐ *Application for State Treasurer's Approval to Waive Bond Maturity Requirements (Form 3970)*

- Standard Bond Maturity Schedule
- Present Value Comparison of the Cost of the *Standard Maturity* to the *Proposed Maturity* that documents the difference in costs between the two structures on a present value basis
- A board resolution authorizing the superintendent (or other designate) to apply for a waiver

### **Multiple Ballot Proposals and Multiple Bond Series**

If a school district is proposing more than one ballot proposal, or more than one bond series, separate *Proposed Bond Issue Schedules*, *Construction Fund Schedules*, and *Issuance Cost Schedules* must be prepared for each prospective bond issue. In addition, a set of each of these schedules must be provided for the “combined” total of all ballot proposals and bond series. See the *Special Instructions* section.



### **Architect's Cost Detail Guidelines**

Each *Project Sheet - Page 6* must be supported by a worksheet that documents the project activities and scope, and provides support regarding how the cost estimates were calculated.

There is no predetermined layout for this information. Architects are encouraged to develop and use their own proprietary methods to provide cost totals. However, costs must be aggregated according to the ten project cost categories identified on the official application form.

When preparing descriptions, emphasis should be placed on reporting activities and outcomes rather than construction materials. Supporting documentation must provide summary totals that can be matched to budget estimates reported on the *Project Sheet*. The following are some suggested guidelines for documenting costs:

#### **New Construction**

Report the number of rooms, types of rooms, the square footage, and cost per square foot. Include additional lines or columns to address miscellaneous items or cost escalators.

#### **Remodeling and Site Work**

Report the various activities/objectives that are anticipated, the unit cost, the quantity and total cost. Square footage is pertinent only if being used to determine the cost.

#### **Site Acquisition**

Typically reported as cost per acre, but can be reported as a lump sum depending on how much information is known at the time of application.

#### **Contingency, Architect Fees, Construction Management**

Typically calculated as a percentage of the direct construction amounts. Allowances for reimbursable items may be listed as a separate item(s) or included in total.

#### **Technology, Furnishings & Equipment, Busses**

Allocations for these items must be sufficiently documented. Whenever possible, the separate components should be identified and budget allocations created by these specific items.

- If lump sum allowances are used, sufficient documentation must be provided to describe the method used to determine the amount and the general objectives of the allocation.
- If a Technology Designer is being used, refer to the *Special Situations* section.

#### **Miscellaneous Costs**

There is NO miscellaneous project cost category. All costs must be allocated within one of the 10 approved uses for bond proceeds. Items such as general conditions, technology infrastructure, printing costs, insurance costs, soil boring, fire marshal fees, etc., are considered part of the project costs and must be allocated to new construction, remodeling, site budgets as appropriate, or else included as reimbursables under architect/CM cost categories. If an expenditure item does not fit within one of the approved categories, it should be removed from the bond proposal.

**Supporting Documentation for Estimated Project Costs**  
(Attachment to Page 7 of Application for Preliminary Qualification of Bonds)

**SAMPLE DATA**  
For illustration purposes only

Activity Description		Unit Statistic	Quantity	Units	Total Units	Unit Cost	Total Cost	Category Totals
<b>NEW CONSTRUCTION</b>								
Building Additions								
	Multi-purpose room	square ft	1	2,200	2,200	\$112	\$246,400	
	Art storage	square ft	1	200	200	\$110	\$22,000	
	Furniture storage	square ft	1	300	300	\$110	\$33,000	
	Lobby, vestibule, entry	square ft	1	800	800	\$110	\$88,000	
	Additional classrooms	square ft	5	900	4,500	\$95	\$427,500	
	Counseling offices	square ft	2	100	200	\$95	\$19,000	
TOTAL NEW CONSTRUCTION								\$835,900
<b>REMODELING</b>								
Architectural Remodeling								
	New 2x2 lay-in ceilings in classrooms	square ft	17	800	13,600	\$2	\$27,200	
	Shelving along exterior walls in classrooms	linear ft	17	20	340	\$100	\$34,000	
	Replace marker boards in classrooms	linear ft	17	30	510	\$15	\$7,650	
	Replace casework in classrooms	# of items			17	\$4,000	\$68,000	
	Replace carpet in classrooms	square ft	3	800	2,400	\$2	\$4,800	
	New lockers in corridors	lump sum					\$28,500	
	Replace roof at boiler room	square ft	1	700	700	\$5	\$3,500	
	Install directional signs for ADA restrooms	# of items			3	\$250	\$750	
	Asbestos abatement	lump sum					\$25,000	
Mechanical Systems Remodeling								
	New unit ventilators with DDC controls	# of items			20	\$5,500	\$110,000	
	New computerized temperature control system	square ft			31,000	\$2	\$62,000	
	Automatic flush valves and new urinals	# of items			10	\$500	\$5,000	
	New toilets and valves	# of items			15	\$600	\$9,000	
	New motorized air damper at boiler room	# of items			1	\$1,500	\$1,500	
Electrical Systems Remodeling								
	New fluorescent lighting fixtures in classrooms	square ft	17	800	13,600	\$4	\$54,400	
	New metal Halide lights at gym	# of items			3,072	\$3	\$9,216	
	G4000 power strips at front and back of rooms	# of items	17	2	34	\$500	\$17,000	
	Infrastructure-computer cabling and networking	lump sum					\$40,000	
TOTAL REMODELING								\$507,516
<b>SITE ACQUISITION</b>								
Purchase land for building additions		acres			10	\$2,500		\$25,000
<b>SITE DEVELOPMENT</b>								
	Relocate hard surface playground	square ft			5,000	\$2	\$10,000	
	Extend sidewalk around east end of building	square ft			1,200	\$3	\$3,600	
	New landscaping around east end of building	lump sum					\$18,000	
	Add parking spaces at east end of building	# of units			6,000	\$2	\$12,000	
	Resurface existing drive and parking lot	square ft			24,000	\$1	\$24,000	
	Demolition of bus garage	lump sum					\$20,000	
TOTAL SITE DEVELOPMENT								\$87,600

(Continued)

<b>CONTINGENCY</b>							
	New construction	Percentage	5.00%			\$835,900	\$41,795
	Remodeling	Percentage	8.00%			\$507,516	\$40,601
	Site	Percentage	3.00%			\$87,600	\$2,628
	<b>TOTAL CONTINGENCY</b>						\$85,024
<b>ARCHITECT FEES</b>		Percentage	6.25%			\$1,431,016	\$89,439
<b>CONSTRUCTION MANAGER FEES</b>		Percentage	5.50%			\$1,431,016	\$78,706
<b>FURNISHINGS/EQUIPMENT</b>							
	Multi-purpose room equipment	lump sum					\$20,000
	New classrooms furniture	lump sum					\$5,000
	Portable stage	# of items		1	\$10,000	\$10,000	
	<b>TOTAL FURNISHINGS/EQUIPMENT</b>						\$35,000
<b>TECHNOLOGY (Instructional)</b>							
	Computers	# of items		15	\$3,000	\$45,000	
	Printers	# of items		5	\$250	\$1,250	
	Document scanners	# of items		2	\$750	\$1,500	
	Media distribution system						
	File server w/UPS, tape drive, CD-ROM	lump sum		1	\$27,000	\$27,000	
	Headend Room	lump sum		1	\$60,000	\$60,000	
	Distance education w/media rack & peripherals	lump sum		1	\$45,000	\$45,000	
	WAN for voice, video and data	lump sum		1	\$9,000	\$9,000	
	<b>TOTAL TECHNOLOGY</b>						\$188,750
<b>BUSES</b>		# of items		5	\$50,000		\$250,000
<b>*TOTAL ESTIMATED PROJECT COSTS</b>							\$1,932,935

\*Does not include allowance for election or bond issuance costs

The information included in this list illustrates the conceptual design of the facility during the preliminary planning stage. Actual quantities and costs may require adjustment during the design or construction.

## Architect's Facility Detail Guidelines

Each *Project Facility Detail - Page 7* must be supported by a floor plan of the building that indicates the rooms and the category (Existing Adequate, To Be Remodeled, Proposed New, To Be Closed).

A detailed schematic is not required.

The floor plan must document the teaching station count by consecutively numbering each teaching station.

- Restart numbers at 1 for each separate category.

*The highest number that is reported for each category should equal the Total T/S reported on Page 7 in the column totals.*

### Example Floor Plan for an Elementary School Building

**Architect's Sketch**

CR 1	CR 1	CR 3	CR 5	CR 7	K-1	SPEC ED	MEDIA CENTER	MULTI PURPOSE	CR 2	CR 2	CR 4	CR 6	CR 8	CR 9	10
CR 2	CR 2	CR 4	CR 6	CR 8	CR 9	10	OFFICES	T	T	B.U.R.	ART MUSIC				

Legend:   
 Existing Adequate   
 To Be Remodeled   
 Proposed New   
 To Be Closed

↓

**Form 3381 Project Facility Detail Page 7**

Existing Adequate		To Be Remodeled		Proposed New		To Be Closed	
Description	T/S	Description	T/S	Description	T/S	Description	T/S
8 Classrooms	8	1 Kindergarten	2	2 Classrooms	2	4 Classrooms	4
1 Office		1 Classroom	1				
2 Toilets		1 Early Child					
1 Boiler		1 Media Center					
1 Art/Music		1 Special Ed					
1 Multi Purpose							
<b>Total T/S</b>	<b>8</b>	<b>Total T/S</b>	<b>3</b>	<b>Total T/S</b>	<b>2</b>		

### **When is it Needed?**

*Additional Supporting Documentation* should be submitted to address individual situations. This documentation is necessary in order to clarify particular circumstances or to provide the basis for the district's variance from typical standards. It allows a school district and its consultants to submit supplemental information that the standard application format does not provide. **These documents are an important part of the official application and should receive the same attention to detail and accuracy as the application forms.**

### **Situations**

1. Comparison of the Current Proposal to a Previous Defeated Proposal - This letter from the superintendent regarding the comparison of the current proposal to a previous proposal is required when a proposed election follows a previous defeat.
2. Financial Statistics Outside of Parameters - This letter from the superintendent or financial advisor is required when financial statistics are outside of current financial parameters.
3. Classroom Capacity Utilization Rate - This letter from the superintendent is required when classroom capacity utilization rate for any building is below 85%.
4. Closing of an Existing District Facility - This letter from the superintendent or architect is required when any facility is being taken out of service by converting the classrooms to non-teaching purposes, by selling a facility, or by demolishing a facility.
5. New Construction Costs Exceeding the Cost per Square Foot Parameter - This letter from the architect is required for any new construction project costs that exceed the current cost per square foot parameter.
6. Construction Manager's Opinion Regarding Cost Estimates - This letter from the construction manager is required if the district has contracted a construction manager regarding review/opinion on cost projections.
7. Status of Unaudited Bonds (issued after May 1994) - This information from the school district is required for any previous capital outlay bond where the required audit has not been completed.
8. Request for Waiver of the 120-Day Standard Notification Period - Letter required when a district makes its request for a preliminary qualification meeting with a time period of less than 120-days remaining before the proposed election date.

### **Examples**

In order to assist school districts and their consultants in the development of *Additional Supporting Documentation*, the School Bond Loan Program has included a series of examples. These documents are merely suggested formats that attempt to identify various concepts that may be relevant to the item requiring clarification. School districts may include additional information or use other formats they find more meaningful or informative.

### **Example #1: Comparison of the Current Proposal to a Previous Defeated Proposal**

Letter required when a district is considering presenting a bond proposal after a ballot proposition has been defeated by the electorate of the district.

SUGGESTED FORMAT	<i>Letterhead</i> <i>Date</i>
Michigan Department of Treasury School Bond Qualification and Loan Program P.O. Box 15128 Lansing, Michigan 48901	
Re: <i>School District Name – Application for Preliminary Qualification of Bonds Comparison to Previous Bond Proposal</i>	
<i>Suggested information:</i>	
X	<i>Revisions in district's master plan</i>
X	<i>Differences in project(s) scope</i>
X	<i>Differences in cost estimates</i>
X	<i>Differences in classroom capacity being provided</i>
X	<i>Differences in enrollment projections</i>
X	<i>Differences in ballot choices</i>
X	<i>Provide the source of the changes being proposed</i> <i>School board</i> <i>School improvement committee</i> <i>Citizen surveys</i> <i>Professional consulting services</i>
	<i>Closing</i>
	<i>Superintendent</i>

## Example # 2: Financial Statistics Outside of Parameters

Letter required if any of the key financial statistics reported on the Financial Summary exceed the current parameters for evaluation of applications for qualification of bonds.

SUGGESTED FORMAT		Letterhead
		Date
Michigan Department of Treasury School Bond Qualification and Loan Program P.O. Box 15128 Lansing, Michigan 48901		
Re:	<i>School District Name – Application for Preliminary Qualification of Bonds</i> <i>Financial statistic being discussed</i>	
X	<i>Identify the difference between the application and the parameter</i>	
X	<i>Indicate the status of the other financial statistics not exceeding parameters:</i> <i>{Amount of Millage Increase Being Proposed}</i> <i>{Interest to Bond Ratio}</i> <i>{Bond Debt to Taxable Value Ratio}</i>	
<i>Points to consider that provide justification/explanation of this bond issue's financial statistics.</i> <i><u>Include <b>only</b> those items that a relative to your situation:</u></i>		
X	<i>Other Statistics</i> <i>The amount of the current debt millage levy</i> <i>Historical taxable value growth rate</i> <i>Anticipated debt to taxable value ratio 5 years into the future</i>	
X	<i>Existing/Future Debt Structure</i> <i>Amount of any additional bonding needs expected in the next 5 years, 10 years, etc</i> <i>Any actions taken to reduce the level of current or future bonded debt</i> <i>Comparison to the economic impact of raising the millage levy</i>	
X	<i>SBL Fund</i> <i>Current balance due the SBL fund and status (borrowing/repaying)</i> <i>Number of years district has been participating in SBL fund</i> <i>Anticipated number of years before SBL fund is repaid under current debt</i>  <i>Anticipated number of years before SBL fund is repaid under new bond issue</i>	
X	<i>Any other factors that should be considered</i>	
		<i>Closing</i>
		<i>Superintendent / Financial Advisor</i>

### Example # 3: Classroom Capacity Utilization Rate

Letter required when the net classroom utilization rate for a building is less than 85%.

SUGGESTED FORMAT	Letterhead Date
Michigan Department of Treasury School Bond Qualification and Loan Program P.O. Box 15128 Lansing, Michigan 48901	
Re: <i>School District Name</i> – Application for Preliminary Qualification of Bonds Classroom Utilization	
<i>Points to consider relative to your district's request. Include only the items that support your justification/explanation:</i>	
X	<i>Statement of the issue in question Identify the specific utilization ratio and grade configuration(s)</i>
X	<i>Unique requirements/circumstances specific to your district that result in lower utilization rates (e.g. geographic size of the district, number of students, types of classes offered, etc.)</i>
X	<i>Any special actions taken by the district to improve utilization or address over capacity (e.g. shared facilities between grade configuration groups, split/combination classes, consolidation attempts with other districts, etc.)</i>
X	<i>The net increase or decrease in the total number of proposed classrooms from the current number of classrooms after considering proposed demolition or abandonment</i>
X	<i>Identify the number of proposed new classrooms that would need to be reduced to meet 85% utilization and explain the affect on the district=s education program if this number of classrooms were eliminated</i>
X	<i>Any other information which is relative to the district=s request</i>
X	<i>Discuss decline in enrollment and the district's outlook for the future</i>
<i>Closing</i>	
<i>Superintendent</i>	



#### **Example # 4: Closing of an Existing District Facility**

Letter required for any facility being taken out of service by converting the classrooms to non-teaching purposes, by selling a facility, or by demolishing a facility.

SUGGESTED FORMAT	
<i>Letterhead</i> <i>Date</i>	
Michigan Department of Treasury School Bond Qualification and Loan Program P.O. Box 15128 Lansing, Michigan 48901	
Re:	<i>School District Name – Application for Preliminary Qualification of Bonds {Demolition, Conversion, Sale, or Other Disposition} of Name of Facility/Site</i>
<i>Required information:</i>	
X	<i>General information regarding the age, location, original purpose of the structure, current usage, previous remodeling/additions projects, etc.</i>
X	<i>Deficiencies of the structure to be closed</i> <i>Mechanical (heating, electrical, etc.)</i> <i>Structural (walls, roof, size of rooms)</i> <i>Code violations (fire safety, ADA, etc.)</i> <i>Educational</i> <i>Other</i>
X	<i>Comparison of closing (and replacing) to maintaining the facility (with remodeling)</i> <i>Costs, improved efficiency, safety, other</i>
X	<i>Final disposition of building and/or site</i> <i>Converted to non-instructional use, sold, demolished, converted to parking, etc.</i>
X	<i>Expected use of the proceeds from sale or the source of funds necessary to complete demolition</i> <i>Compliance with any IRS provisions regarding use of bond proceeds</i>
X	<i>Source of the information being used as justification (e.g. facility studies, architectural assessments, community surveys, school improvement committee recommendations, etc.)</i>
X	<i>Copy of any physical plant study that documents the cost savings of closing and construction of new facilities</i>
<i>Closing</i>	
<i>Architect or Superintendent</i>	

**Example # 5: New Construction Costs Exceeding the Cost per Square Foot Parameter**

Letter required for any projects where new construction cost per square foot exceeds the current Treasury parameters for cost per square foot.

SUGGESTED FORMAT	<i>Letterhead</i> <i>Date</i>
Michigan Department of Treasury School Bond Qualification and Loan Program P.O. Box 15128 Lansing, Michigan 48901	
Re: <i>School District Name – Application for Preliminary Qualification of Bonds Justification of New Construction Costs Exceeding the Treasury Parameters</i>	
<i>Required information:</i>	
X	<i>Identify each building name/project number and the cost per square foot as reported on the application</i>
X	<i>Provide explanation/justification. Include only the items that support your position:</i> <i>Special types of facilities</i> <i>Special construction conditions</i> <i>Comparison to other specific past or current construction projects of a similar nature</i> <i>Specific data from trade publications</i> <i>Any other considerations</i>
X	<i>Certification by a licensed architect</i>
<i>Closing</i>  <i>Architect / Superintendent</i>	

**Example # 6: Construction Manager=s Opinion Regarding Cost Estimates**

Letter required if a construction manager has been retained.

SUGGESTED FORMAT	<i>Letterhead</i> <i>Date</i>
Michigan Department of Treasury School Bond Qualification and Loan Program P.O. Box 15128 Lansing, Michigan 48901	
Re: <i>School District Name</i> – Application for Preliminary Qualification of Bonds	
<i>Required information:</i>	
X	<i>Statement detailing the level of participation that the construction manager has had in establishing and/or reviewing the cost estimates, and a professional opinion regarding the estimates and the proposed work</i>
X	<i>Certification by the appropriate construction manager official</i>
<i>Closing</i>	
<i>Construction Manager</i>	

**Example #7: Status of Unaudited Bonds (issued after May 1994)**

Section 1351a (2) requires that for bonds issued after May 1994, the district shall have an independent audit of its bonding after completion of all bonding activities. Letter required when a district has not completed its audit report at time of application.

SUGGESTED FORMAT	<i>Letterhead</i> <i>Date</i>
Michigan Department of Treasury School Bond Qualification and Loan Program P.O. Box 15128 Lansing, Michigan 48901	
Re: <i>School District Name</i> – Application for Preliminary Qualification of Bonds Status Report of Previous Bond Issue(s) <i>Bond Issue Title</i>	
<i>Required information:</i>	
X	<i>Current degree of completion and expected completion date</i>
X	<i>Total amount expended to date and a summary of expenditures by project, program, or cost category</i>
X	<i>Audit activity completed, if any</i> <i>Description of scope of activities completed</i> <i>Audit report findings</i>
X	<i>Certification “ ... that expenditures are in conformance with existing requirements for usage of bond proceeds and that bond proceeds have not been used for repair or maintenance costs, teacher, administrator or employee salaries, or other operating expenses.”</i>
This report may include as attachments any current existing information available from the architect, construction manager, general contractor, auditor, or school district publications which address the above issues.	
<i>Closing</i>  <i>Superintendent or designate</i>	
<i>cc: Superintendent (if signed by designate)</i>	

### **Example # 8: Request for Waiver of the 120-Day Standard Notification Period**

Letter required when a district makes its request for a preliminary qualification meeting with a time period of less than 120-days remaining before the proposed election date.

If required, this letter must be filed before a preliminary qualification meeting date will be scheduled.

#### **SUGGESTED FORMAT**

*Letterhead*

*Date*

Michigan Department of Treasury  
School Bond Qualification and Loan Program  
P.O. Box 15128  
Lansing, Michigan 48901

Re: *School District Name* – Application for Preliminary Qualification of Bonds  
Request for Waiver of the 120-day Standard Notification Period

#### *Required information:*

- X *Provide explanation/justification why the district was unable to notify the School Bond Qualification and Loan Program of its intention to hold a bond election at least 120 days prior to the election date*
- X *Indicate the financial impact on the district's taxpayers if it were to follow standard timelines recommended for proceeding with preliminary qualification and election*
- X *Attach a time table indicating:*
  - Date district team can file a completed initial application with Treasury*
  - Proposed date for board meeting to approve application*
  - Proposed date for board meeting to call for election*
  - Proposed date of election*
  - Proposed date of bond sale*
  - Proposed date construction will begin*
- X *Any other information which is relative to the district's request*

*Closing*

*Superintendent or Attorney*